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INFO RUCPDO/DEPT OF COMMERCE WASHINGTON DC
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SUBJECT: TELECOM WORKERS END STRIKE THAT TIED UP LINES AND
THREATENED NATIONWIDE SHUTDOWN

Summary

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¶1. (U) Communications giant Pakistan Telecommunication Co. Ltd. (PTCL) has been beset by labor-relations controversies since its privatization in 2005. In the latest chapter, PTCL employees went on a two-week strike, which ended July 30, over the introduction of the Unified Pay Scale (UPS). The employees' union rejected the UPS and threatened a nationwide shutdown of the telephone system until PTCL management capitulated with a new compensation package offering a 35 percent pay increase. The strike noticeably affected PTCL's ability to provide service to its customers, although cell phone use mitigated much of the strike's effects for the general public. End summary.

¶2. (U) After the UAE telecom company, Etisalat, took over PTCL following privatization, management agreed to convert the employee pay-scales from the government structure to a corporate package which would be commensurate with market salary rates. The result was the UPS, which was uniformly rejected by the PTCL employees as a "fraud" and part of an on-going effort by Etisalat to deprive them of their basic rights. The UPS package offered an 8-13 percent pay increase for non-management workers. Although this would have raised salaries above the previous government pay-scale rates, the PTCL employees argued that a 40 percent increase was needed to bring their salaries up to market levels.

¶3. (U) Speaking to the press, Pakistan Telecom Employees Union Collective Bargaining Agent (CBA), President Ziauddin, said that since its privatization, the PTCL had resorted to various tactics to exploit the employees, and gave the recently introduced Voluntary Separation Scheme (VSS) as an example. He said that although the VSS was meant to be voluntary, terminology such as "redundant" and "surplus, not needed" were used in the calculation worksheets, indicating that the scheme is a euphemism for lay-offs and implying that workers who did not opt for the scheme would be fired. The Voluntary Separation Scheme has not been offered to non-management staff, although 25,000 to 30,000 management grade officers left PTCL under the VSS. Ziauddin claimed that the UPS was a similar exploitative effort aimed at non-management workers.

¶4. (U) After withdrawing the UPS on July 17, PTCL did not immediately propose a new compensation package, prompting the employees to continue striking. The striking workers also demanded the reinstatement of some 200 to 250 workers who were fired outright as well as direct action against police involved in a baton-charge and teargas skirmish with PTCL employees protesting outside the company's headquarters in Islamabad. On July 30, after protracted negotiations, PTCL announced a 35 percent pay increase for non-management grade workers. The workers' union accepted this offer, bringing the strike to an end.

¶5. (U) The striking workers had threatened on July 28 to overwhelm

the circuits forcing a nationwide shutdown of the telephone system. In response, the Army Rangers were ordered on stand-by on national security grounds to assist local and provincial police in preventing sabotage. PTCL's ability to provide service has been severely affected by the strike which has led to long delays in handling customer complaints and new line installation requests. Emergency services' help lines were also adversely affected in some areas. PTCL has 4.4 million customers nationally.

Comment

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16. (U) As Pakistan's largest telecoms provider, PTCL's woes created a ripple effect beyond the telecommunications industry as services that depend on reliable telecommunications were affected. Cell phone services (especially from service providers other than PTCL) were not significantly impacted and mitigated much of the strike's effects on the general public. Service delays can also affect internet connections in addition to the terrestrial telephone network. PTCL was the source of a technical error that caused the global outage of the popular video-sharing website, YouTube.com, in February 2008. End comment.

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